

Chief Executive Officer

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Anthem Personal and Confidential

February 5, 2001

Mr. William L. Jews
President & Chief Executive Officer
CareFirst, Inc.
10455 Mill Run Circle
Owings Mills, MD 21117-4208

Dear Bill:

I am writing to reiterate our interest in being included in your transaction process. As expressed to you in our prior conversations and written correspondence, Anthem is highly enthusiastic about the prospect of a business combination with CareFirst.

We received guidance on your timing and valuation objectives from Credit Suisse First Boston late last week. Based on our experience in large and complex transactions, we are very confident that we can satisfy your objectives, including your timelines for response from invited participants. You are well aware of our recent transactions and our history of successful affiliations with six Blue plans. We believe that in these transactions we have clearly demonstrated a willingness and ability to move quickly in a competitive process and to pay full and fair prices to the stakeholders of our acquired businesses.

With respect to our acquisition currency, we are confident that we have the revenues (\$8.7 billion in 2000), earnings (\$226.0 million in 2000), and balance sheet capacity (\$1.9 billion in GAAP equity at year-end 2000) to complete any affiliation transaction with CareFirst using cash. In addition, as you know, on February 1, we announced that the Anthem Board has directed management to prepare for review by the Board's Special Committee a plan of demutualization that will include an initial public offering of our common stock. This process will enable additional financing capacity and provide us with the flexibility to use our stock as consideration, if that were to be appropriate. Based on our preparation for a demutualization, we are confident that we will complete the demutualization expeditiously, well in advance of CareFirst's conversion from non-profit status, a prerequisite for closing an affiliation.

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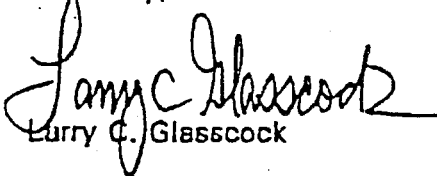
We believe that Anthem would make an excellent partner for CareFirst for the following reasons:

- Anthem has an unparalleled track record of successful affiliations within the Blue Cross Blue Shield system. Our success can be traced to the belief that health care is a local business. Therefore, our energies have been focused on achieving the benefits of local presence and national scale.
- CareFirst would anchor a new mid-Atlantic region and help drive Anthem's further expansion in the region.
- Anthem, as a growing organization, is actively searching for talented management and would be able to provide great career opportunities to CareFirst's top officers and representation by CareFirst's board members in Anthem's governance process.
- Since the transaction would entail funding charitable organizations in the states in which CareFirst operates, Anthem's experience in securing quick regulatory and judicial approval of its transactions would prove to be strategically important.

We hope that this letter satisfies your need for additional information regarding our ability to structure a transaction that meets your objectives. We feel Anthem would be the most attractive affiliation partner for CareFirst. We believe that both Anthem and CareFirst share the same long-term commitment to maintaining a status as a Blue Cross Blue Shield market leader in the face of a rapidly consolidating and highly competitive marketplace. Through a combination of Anthem and CareFirst, we can gain the scale, the resources and the talent necessary to fulfill that commitment.

Bill, as we have indicated in this letter and in our prior correspondence and conversations with you, we believe that including us in your process will help you maximize value for your stakeholders. We are prepared to assign a team of Anthem Executives to this process and to deliver, within three weeks, a definitive proposal assuming we have both full cooperation from your management team and complete access to your due diligence material. Do not hesitate to contact me directly to confirm your agreement to having us become a participant in the process. I would be pleased to answer any questions you may have.

Sincerely,


Larry C. Glasscock

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